

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Economic Development Corp of Lapeer	County Lapeer
Fiscal Year End 12/31/05	Opinion Date 8/25/06	Date Audit Report Submitted to State 12/8/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  4. ☒ ☐ The local unit has adopted a budget for all required funds.
  5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  11. ☒ ☐ The local unit is free of repeated comments from previous years.
  12. ☒ ☐ The audit opinion is UNQUALIFIED.
  13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
  15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Layton and Richardson, P.C.		Telephone Number 517-332-1900	
Street Address 1000 Coolidge Road		City East Lansing	State MI
		Zip 48823	
Authorizing CPA Signature <i>Vickie L. Crouch, CPA</i>		Printed Name Vickie Crouch	License Number 1101013436

ECONOMIC DEVELOPMENT CORPORATION  
OF THE CITY OF LAPEER, MICHIGAN  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2005



**Layton & Richardson, P.C.**  
*Certified Public Accountants*

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# Layton & Richardson, P.C.

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Members of the Economic Development  
Corporation of the City of Lapeer  
Lapeer, MI

We have audited the accompanying basic financial statements of the governmental activities of the ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF LAPEER, MICHIGAN as of and for the year ended December 31, 2005. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Economic Development Corporation of the City of Lapeer, Michigan, as of December 31, 2005, and the results of its operations for the year then ended, in conformity with the U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2006, on our consideration of the Economic Development Corporation of the City of Lapeer, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standard Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Layton & Richardson, P.C.*  
Certified Public Accountant

East Lansing, Michigan  
August 25, 2006

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## Management's Discussion and Analysis

Our discussion and analysis of the Economic Development Corporation of the City of Lapeer's financial performance provides an overview of the Economic Development Corporation's financial activities for the fiscal year ended December 31, 2005. Please read it in conjunction with the Economic Development Corporation's financial statements.

### FINANCIAL HIGHLIGHTS

- There was no activity for the Economic Development Corporation this fiscal year.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Economic Development Corporation as a whole and present a longer-term view of the Economic Development Corporation's finances. Fund financial statements provide more detailed information about the Economic Development Corporation's funds- not the Economic Development Corporation as a whole. These statements tell how these services were financed in the short term as well as what remains for future spending.

### Reporting the Economic Development Corporation as a Whole

One of the most important questions asked about the Economic Development Corporation's finances is, "Is the Economic Development Corporation as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Economic Development Corporation as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Economic Development Corporation's *net assets* and changes in them. You can think of the Economic Development Corporation's net assets – the difference between assets and liabilities – as one way to measure the Economic Development Corporation's financial health, or *financial position*. Over time, *increases* or *decreases* in the Economic Development Corporation's net assets are one indicator of whether its *financial health* is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, the Economic Development Corporation is shown as a governmental activity while within the City of Lapeer's audit they are shown as a component unit:

- Governmental activities – The Economic Development Corporation's services are reported here. Charges for Services finance most of these activities.

## Reporting the Economic Development Corporation's Most Significant Funds

The fund financial statements provide detailed information about the Economic Development Corporation's funds. The Economic Development Corporation's funds utilize the *governmental* accounting approach.

- *Governmental funds* – Most of the Economic Development Corporation's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Economic Development Corporation's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Economic Development Corporation's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

## THE ECONOMIC DEVELOPMENT CORPORATION AS A WHOLE

Table 1 was summarized from the Economic Development Corporation Statement of Net Assets. The net assets of the Economic Development Corporation decreased from \$7,541 to \$6,115, a decrease of \$1,426, or 18.9%. In the prior year, the net assets increased from \$5,184 to \$7,541, an increase of \$2,357 or 45.5%. The following table provides a comparison of the current and prior year.

Table 1  
Net Assets  
(In Hundreds)

	Governmental Activities 2005	Governmental Activities 2004
Current and other assets	\$ 63.6	\$ 75.4
Total assets	<u>63.6</u>	<u>75.4</u>
Other liabilities	<u>2.5</u>	<u>0.0</u>
Total liabilities	<u>2.5</u>	<u>0.0</u>
Net assets:		
Restricted	0.0	0.0
Unrestricted (deficit)	<u>61.1</u>	<u>75.4</u>
Total net assets	<u>\$ 61.1</u>	<u>\$ 75.4</u>

## Governmental Activities

As stated previously, the net assets of the Economic Development Corporation's governmental activities decreased by \$1,426 or 18.9%. Unrestricted net assets – the part of net assets that can be used to finance day –to –day operations without constraints established by debt covenants, enabling legislation, or other legal requirements-is recorded as a surplus of \$6,115.09.

Table 2 was summarized from the government-wide Statement of Activities. This table summarizes the government-wide program revenues, other revenues, and expenses of the Economic Development Corporation.

Table 2  
Changes in Net Assets  
(In Hundreds)

	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
Revenues:		
Program revenues:		
Charges for Services	\$ 0.0	\$ 0.0
Operating grants and contributions	0.0	0.0
General revenues:		
Other	<u>1.2</u>	<u>25.2</u>
Total Revenues	<u>1.2</u>	<u>25.2</u>
Expenses:		
General government	\$ <u>15.5</u>	\$ <u>1.6</u>
Total Expenses	<u>15.5</u>	<u>1.6</u>
Increase in net assets		
Before transfers	(14.3)	23.6
Transfers	<u>0.0</u>	<u>0.0</u>
Increase (Decrease) in Net Assets	(14.3)	23.6
Net assets, January 1	<u>75.4</u>	<u>51.8</u>
Net assets, December 31	<u>61.1</u>	<u>75.4</u>

Total revenue from all sources totaled \$123 which was comprised of \$100 in loan application fees and \$23 in unrestricted interest income.

The governmental activities of the Economic Development Corporation had an expense of \$1,550 of which \$1,300 was for meeting fees and \$250 for audit fee. Due to utilizing full accrual on the government-wide statements, the expenditures for capital assets including infrastructure are not recorded as expenses in the current year but are capitalized on the Statement of Net Assets and are depreciated over the useful life of the asset. Only the current year depreciation would be included as an expense.

## **THE ECONOMIC DEVELOPMENT CORPORATION'S FUNDS**

The Economic Development Corporation received a total of \$23.51 of interest income in the current year compared to \$17.40 of interest income in the prior year and had a total expense of \$1,550.00 in the current year which was for meeting fees in the amount of \$1,300.00 and audit fee in the amount of \$250.00 compared to the total expense of \$160.00 in the prior year which was for meeting fees. The fund balance decreased from \$7,541 to \$6,115, a decrease of \$1,426 or 18.9% compared to the prior year increase from \$5,184 to \$7,541, or 45.5%.

### **Economic Development Corporation Budgetary Highlights**

- The Economic Development Corporation budget did not change during the fiscal year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The Economic Development Corporation does not have any capital assets.

There were no major capital asset events during the current fiscal year.

### **Debt**

The Economic Development Corporation does not have any outstanding debt.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Trends in Industrial Growth in the area.

The Economic Development Corporation reviews the industrial growth trends to determine the potential for industrial projects and establishes a budget for charges for services and application processing expenses.

### **Requests for Information**

This financial report is designed to provide a general overview of the Economic Development Corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lapeer, Director of Financial Services, 576 Liberty Park, Lapeer, MI 48446.



**ECONOMIC DEVELOPMENT CORPORATION OF THE  
CITY OF LAPEER, MICHIGAN**

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2005

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET ACTIVITIES
ASSETS			
Cash - checking	\$ 601.95	\$	\$ 601.95
Cash - savings	<u>5,763.14</u>	<u></u>	<u>5,763.14</u>
	<u>\$ 6,365.09</u>	<u>\$</u>	<u>\$ 6,365.09</u>
LIABILITIES			
Accounts payable	\$ <u>250.00</u>	\$ <u></u>	\$ <u>250.00</u>
FUND BALANCE	<u>6,115.09</u>	<u></u>	<u>6,115.09</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,365.09</u>	<u>\$</u>	<u>\$ 6,365.09</u>

See accompanying notes to financial statements.

**ECONOMIC DEVELOPMENT CORPORATION OF THE  
CITY OF LAPEER, MICHIGAN**

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2005

	GENERAL FUND	ADJUSTMENTS	STATEMENT OF NET ACTIVITIES
EXPENDITURES/EXPENSES			
General government	\$ <u>1,550.00</u>	\$ _____	\$ <u>1,550.00</u>
GENERAL REVENUES			
Fees	100.00		100.00
Interest income	<u>23.51</u>	_____	<u>23.51</u>
TOTAL REVENUES	<u>123.51</u>	_____	<u>123.51</u>
CHANGES IN NET ASSETS	(1,426.49)		(1,426.49)
FUND BALANCE/NET ASSETS, JANUARY 1	<u>7,541.58</u>	_____	<u>7,541.58</u>
FUND BALANCE/NET ASSETS, DECEMBER 31	\$ <u><u>6,115.09</u></u>	\$ <u><u>          </u></u>	\$ <u><u>6,115.09</u></u>

See accompanying notes to financial statements.

**ECONOMIC DEVELOPMENT CORPORATION OF THE  
CITY OF LAPEER, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2005

**NOTE 1: REPORTING ENTITY**

In accordance with the criteria established by the National Council on Governmental Accounting (NCGA) Statement 3, the Economic Development Corporation of the City of Lapeer is considered a component unit of the City of Lapeer, Michigan for financial accounting and reporting purposes. These criteria include: the extent of oversight responsibility, selection of governing authority, designation of management, the ability of the City to significantly influence operations, the accountability for fiscal matters including the level of City financing and/or moral and legal responsibility for long-term debt.

The financial statements of the Economic Development Corporation are presented as the financial statements of a fund which is an integral part of the financial reporting oversight unit of the City of Lapeer.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Economic Development Corporation conform to U.S. generally accepted accounting principles as applicable to governmental units. The summary of the more significant accounting policies are presented to assist the reader in interpreting the financial statements and other data in this report.

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statement (i.e. the statements of net assets and the statement of changes in net assets) reports information on all of the nonfiduciary activities of the Economic Development Corporation of the City of Lapeer. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contribution that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**B. Measurement Focus, Basis of Accounting and Financial Statements**

The government-wide financial statement is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Governmental fund financial statement is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

**C. Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ECONOMIC DEVELOPMENT CORPORATION OF THE  
CITY OF LAPEER, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2005

**NOTE 3: REVENUE BONDS**

The Corporation is organized pursuant to the State of Michigan, Public Act No. 338 of 1974, as amended, and the City of Lapeer, Michigan Ordinances. The primary purpose of the Corporation is to encourage and assist commercial enterprises to locate and expand facilities and services to the City and its residents. This purpose is accomplished by the Corporation entering into lease contracts with commercial enterprises. According to the terms of the lease contracts, the Corporation agrees to issue revenue bonds, the proceeds from which will be used to finance a project benefitting the commercial enterprise, and the commercial enterprise agrees to make lease payments equal to the bond principal and interest payments. When the bonds are paid in full, the ownership of the project is transferred to the commercial enterprise. The revenue bonds are payable solely from the net revenues derived from the project, and the bond collateral is a mortgage on the project and the lease contract.

Since each bond issued by the Corporation is payable solely from the net revenues derived from the related project through lease payments, and since the bonds are not a general obligation of the Corporation, the bonds and related lease contracts have not been reflected in the financial statements of the Corporation.

As of December 31, 2005, the Corporation has issued the following revenue bonds:

	DATE OF BOND CLOSING	AMOUNT OF REVENUE BONDS ISSUED
First National Bank of Lapeer	12/17/79	\$ 500,000.00
Growth and Opportunity	11/02/79	275,000.00
Peninsular Slate	12/28/79	200,000.00
Doc Development Company	12/21/79	363,000.00
Houghtaling Project	02/11/80	180,000.00
Dowsett Project	11/10/80	300,000.00
The Thread Forms, Inc. Project	11/06/81	400,000.00
MESC Project	02/28/82	323,300.00
Lapeer Foundry & Machine, Inc.	03/11/82	950,000.00
DeMille Industrial Development	06/18/82	200,000.00
The Whitman Project	06/30/83	368,806.00
Growth & Oppor. Inc. II Project	08/22/83	625,000.00
Barnard & Balaze Project	12/28/83	209,000.00
J.L. Avery Project	01/05/84	250,000.00
Lapeer Medical Center	01/17/84	475,000.00
Growth & Opportunity, Inc.	02/13/84	600,000.00
C & P Partnership Project	06/26/85	616,000.00
Copres Leasing Company	12/30/85	806,000.00
The Lapeer Associates, Ltd.	06/20/86	1,500,000.00
Lapeer Enterprise Center	12/29/86	298,531.00
Albar Industries Inc.	11/15/89	3,500,000.00
Dott Manufacturing	11/15/89	4,128,000.00
Lapeer Regional Hospital	06/01/91	1,980,170.00
Vidon Plastics	07/05/95	1,075,000.00
JMA Development, Inc.	09/22/95	1,347,000.00
JMA Development, Inc.	06/17/99	4,000,000.00

ECONOMIC DEVELOPMENT CORPORATION OF THE  
CITY OF LAPEER, MICHIGAN

NOTES TO FINANCIAL STATEMENTS - Concluded

DECEMBER 31, 2005

NOTE 4: **CORPORATION'S CASH AND INVESTMENT POOL**

*Custodial Credit Risk – Deposits.* For deposits, custodial credit risk is the risk that in the event of a bank failure, the Company's deposits may not be returned to the government. As of December 31, 2005, \$0 of the Corporation's total bank balance of \$6,365.09 (total book balance was \$6,365.09) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The Corporation's investment policy requires that only those banks or savings and loan institutions that are members of the FDIC or FSLIC will be considered for depository purposes, but recognizes that it is impractical to insure all bank deposits due to the limitations of depository insurance. As a result, the Corporation evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

*Credit Risk.* The Corporation's investments in financial institutions will be held with a qualified institution.

**ECONOMIC DEVELOPMENT CORPORATION OF THE  
CITY OF LAPEER, MICHIGAN**

NOTES TO FINANCIAL STATEMENTS - Concluded

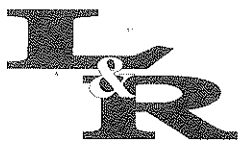
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# Layton & Richardson, P.C.

*Certified Public Accountants*

## LETTER OF COMMENTS AND RECOMMENDATIONS

Members of The Economic Development Corporation  
of the City of Lapeer  
Lapeer, Michigan

1000 Coolidge Road  
East Lansing, MI 48823

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David Layton, CPA  
DaveLayton@LNRCPA.com

We have examined the financial statements of the Economic Development Corporation of the City of Lapeer, Michigan for the year ended December 31, 2005, and have issued our report thereon dated August 25, 2006. As part of our examination, we made a study and evaluation of the system of internal accounting controls to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole.

The management of the Economic Development Corporation of the City of Lapeer, Michigan is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all weaknesses in the system. However, our examination did disclose the following conditions that we believe result in a risk that errors or irregularities in amounts that would be material in relation to the financial statements of the Economic Development Corporation of the City of Lapeer, Michigan may occur and not be detected within a timely period.

### Segregation of Duties

Segregation of duties is an arrangement of responsibilities such that the work of one employee serves as a check on the work of others. The least desirable situation is one in which a single employee is responsible for an entire accounting process from the origin of each transaction to the ultimate posting in the general ledger. This situation enhances the likelihood that intentional or unintentional errors will occur and remain undetected.

Because it is often difficult in a small governmental unit to segregate accounting duties, alternative controls should be implemented to compensate for lack of a segregation of duties. Such controls as management supervision are an effective means of improving control and reducing the risk of error without incurring additional cost.

We recommend that the Uniform Budgeting Manual for Local Units of Government In Michigan, issued by the Michigan Department of Treasury, be used to provide appropriate guidelines for the preparation of budgets which comply with legal requirements.

We appreciate the assistance and cooperation extended to us by the Corporation's officials and employees during our examination, and we thank them.

This report is intended for the information of the Board of Directors, management and federal, state and local grantor agencies. However, this report is a matter of public record, and its distribution is not limited.

*Layton & Richardson, P.C.*  
Certified Public Accountants

East Lansing, Michigan  
August 25, 2006